

1 **Subtitle C—Pensions**

2 **SEC. 2201. INCREASES IN PBGC PREMIUMS.**

3 (a) FLAT-RATE PREMIUMS.—Clause (i) of section
4 4006(a)(3)(A) of the Employee Retirement Income Secu-
5 rity Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended
6 by striking “\$19” and inserting “\$30”.

7 (b) ADJUSTMENT FOR INFLATION.—Paragraph (3)
8 of section 4006(a) of such Act (29 U.S.C. 1306(a)) is
9 amended by adding at the end the following new subpara-
10 graph:

11 “(F) For plan years beginning after 2006, there shall
12 be substituted for the \$30 amount in subparagraph (A)(i)
13 the amount equal to the product derived by multiplying
14 \$30 by the ratio of—

15 “(i) the national average wage index (as defined
16 in section 209(k)(1) of the Social Security Act) for
17 the first of the 2 calendar years preceding the cal-
18 endar year in which the plan year begins, to

19 “(ii) the national average wage index (as so de-
20 fined) for 2004,

21 with such product, if not a multiple of \$1, being rounded
22 to the next higher multiple of \$1 where such product is

1 a multiple of \$0.50 but not of \$1, and to the nearest mul-
2 tiple of \$1 in any other case.”.

3 (c) ADDITIONAL DISCRETIONARY INCREASE.—Para-
4 graph (3) of section 4006(a) of such Act (as amended by
5 subsection (b) of this section) is further amended by add-
6 ing at the end the following new subparagraph:

7 “(G)(i) The corporation may increase under this sub-
8 paragraph, effective for plan years commencing with or
9 during any calendar year after 2006, the premium rate
10 otherwise in effect under this section for basic benefits
11 guaranteed by it under section 4022 for single-employer
12 plans if the corporation determines that such increase is
13 necessary for the operation of the plan termination insur-
14 ance program under this title.

15 “(ii) The amount of any premium rate described in
16 clause (i), as increased under this subparagraph for plan
17 years commencing with or during any calendar year, may
18 not exceed by more than 20 percent the amount of the
19 premium rate, for basic benefits guaranteed by the cor-
20 poration under section 4022 for single-employer plans, in
21 effect for plan years commencing with or during the pre-
22 ceding calendar year.

23 “(iii) The preceding provisions of this subparagraph
24 shall apply in connection with plan years commencing with
25 or during any calendar year only if—

1 “(I) the corporation transmits to each House of
2 the Congress and to the Comptroller General its pro-
3 posal for the increase in the premium rate for plan
4 years commencing with or during such calendar
5 year, subject to Congressional review under chapter
6 8 of title 5 of the United States Code (relating to
7 Congressional review of agency rulemaking) not later
8 than 120 calendar days after the beginning of the
9 preceding calendar year, and

10 “(II) a joint resolution disapproving such in-
11 crease has not been enacted as provided in section
12 802 of such title, within the 60-day period described
13 in section 802(a) of such title.

14 At the time of the transmittal of any such proposal to
15 each House of the Congress pursuant to subclause (I), the
16 corporation shall transmit a copy of such proposal to the
17 Committee on Education and the Workforce and the Com-
18 mittee on Ways and Means of the House of Representa-
19 tives and the Committee on Health, Education, Labor,
20 and Pensions and the Committee on Finance of the Sen-
21 ate. Any such proposal shall, for purposes of chapter 8
22 of such title 5, be treated as a rule which is a major rule.”.

23 (d) PREMIUM RATE FOR CERTAIN TERMINATED SIN-
24 GLE-EMPLOYER PLANS.—Subsection (a) of section 4006

1 of such Act (29 U.S.C. 1306) is amended by adding at
2 the end the following:

3 “(7) PREMIUM RATE FOR CERTAIN TERMINATED
4 SINGLE-EMPLOYER PLANS.—

5 “(A) IN GENERAL.—If there is a termination of
6 a single-employer plan under clause (ii) or (iii) of
7 section 4041(c)(2)(B) or section 4042, there shall be
8 payable to the corporation, with respect to each ap-
9 plicable 12-month period, a premium at a rate equal
10 to \$1,250 multiplied by the number of individuals
11 who were participants in the plan immediately before
12 the termination date. Such premium shall be in ad-
13 dition to any other premium under this section.

14 “(B) SPECIAL RULE FOR PLANS TERMINATED
15 IN BANKRUPTCY REORGANIZATION.—If the plan is
16 terminated under 4041(c)(2)(B)(ii) or under section
17 4042 and, as of the termination date, a person who
18 is (as of such date) a contributing sponsor of the
19 plan or a member of such sponsor’s controlled group
20 has filed or has had filed against such person a peti-
21 tion seeking reorganization in a case under title 11
22 of the United States Code, or under any similar law
23 of a State or a political subdivision of a State (or
24 a case described in section 4041(c)(2)(B)(i) filed by
25 or against such person has been converted, as of

1 such date, to such a case in which reorganization is
2 sought), subparagraph (A) shall not apply to such
3 plan until the date of the discharge of such person
4 in such case.

5 “(C) APPLICABLE 12-MONTH PERIOD.—For
6 purposes of subparagraph (A)—

7 “(i) IN GENERAL.—The term ‘applicable
8 12-month period’ means—

9 “(I) the 12-month period beginning
10 with the first month following the month
11 in which the termination date occurs, and

12 “(II) each of the first two 12-month
13 periods immediately following the period
14 described in subclause (I).

15 “(ii) PLANS TERMINATED IN BANKRUPTCY
16 REORGANIZATION.—In any case in which the
17 requirements of subparagraph (B) are met in
18 connection with the termination of the plan
19 with respect to 1 or more persons described in
20 such subparagraph, the 12-month period de-
21 scribed in clause (i)(I) shall be the 12-month
22 period beginning with the first month following
23 the month which includes the earliest date as of
24 which each such person is discharged in the

1 case described in such clause in connection with
2 such person.

3 “(D) COORDINATION WITH SECTION 4007.—

4 “(i) Notwithstanding section 4007—

5 “(I) premiums under this paragraph
6 shall be due within 30 days after the be-
7 ginning of any applicable 12-month period,
8 and

9 “(II) the designated payor shall be the
10 person who is the contributing sponsor as
11 of immediately before the termination date.

12 “(ii) The fifth sentence of section 4007(a)
13 shall not apply in connection with premiums de-
14 termined under this paragraph.”.

15 (e) CONFORMING AMENDMENTS.—

16 (1) Section 4006(2) of such Act (29 U.S.C.
17 1306(a)(2)) is amended, in the matter following sub-
18 paragraph (E), by inserting “paragraph (3)(G) of
19 this subsection or” after “Except as provided in”.

20 (2) Section 4006(b)(1) of such Act (29 U.S.C.
21 1306(b)(1)) is amended by inserting “or a proposal
22 for a premium rate increase under subsection
23 (a)(3)(G)” after “or (E)”.

24 (f) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, the amendments made by
3 this section shall apply to plan years beginning after
4 December 31, 2005.

5 (2) PREMIUM RATE FOR CERTAIN TERMINATED
6 SINGLE-EMPLOYER PLANS.—The amendment made
7 by subsection (d) shall apply with respect to cases
8 commenced under title 11, United States Code, or
9 under any similar law of a State or political subdivi-
10 sion of a State, after October 26, 2005.

11 (3) SPECIAL RULE IF SUBSEQUENT SAVINGS
12 ENACTED.—The amendments made by this section
13 shall not take effect if, after the date of enactment
14 of this Act and before January 1, 2006, a Federal
15 law is enacted which—

16 (A) provides for decreases in Federal out-
17 lays which in the aggregate are less than the
18 decreases in Federal outlays by reason of the
19 amendments made by this section; and

20 (B) specifically provides that such de-
21 creases are to be in lieu of the decreases in
22 Federal outlays by reason of the amendments
23 made by this section.